



Kate Kiernan
Regional Vice President, State Relations

Testimony of the American Council of Life Insurers
Before the Insurance and Real Estate Committee
Tuesday, February 18, 2014

**Senate Bill 13— An Act Requiring Public Comment for Certain Long-Term Care Policy
Rate Increase Requests**

Senator Crisco, Representative Megna, and members of the Insurance and Real Estate Committee, the American Council of Life Insurers (ACLI) appreciates the opportunity to offer the following comments in opposition to **Senate Bill 13— An Act Requiring Public Comment for Certain Long-Term Care Policy Rate Increase Requests**. The requirements of Senate Bill 13 are particularly problematic for insurance companies offering long-term care insurance products to Connecticut consumers. ACLI member companies provide the majority of long-term care insurance coverage in force in Connecticut.

ACLI member companies are sensitive to the impact that rate increase filing requests have on consumers, however, we do not agree that the process as outlined by Senate Bill 13 will benefit long-term care policyholders. In the end, this legislation may simply result in fewer of these products being sold in the state. This outcome would be bad for both consumers and businesses.

Symposiums

The proposed legislation would require a symposium to be held for individual and group long-term care insurance products for rate increases above 10 percent. The proposal further requires the commissioner to take public comments into consideration when making a decision regarding a rate filing. It is likely that public comment on rate filings would be based on subjective criteria and not on measurable actuarial analysis that has occurred in developing the submitted rate structure. In order for these products to be sustainable and the insurers to be solvent, decisions regarding the establishments of rates should be based on an objective basis.

With respect to group insurance in general, rating is often based on the combination of manual rates combined with an employer group's claims experience and the overall composite rate applies specifically to that employer. Any mandated rate increase hearing for a group insurance product would be counterproductive.

Conclusion

As stated in previous testimony, we believe that the Insurance Department has done its job in balancing the needs of the companies and consumers, and that each rate increase filing request is handled with due diligence. The Insurance Department has actuarial staff which evaluate each rate increase filing against measurable factors delineated in C.G.S. 38a-501. Those include analysis of the loss ratios and anticipated claims in relation to premiums when combined with actual experience. Insurance companies must provide, and Insurance Department experts review, the methodology and factors used to develop the rate. This is a rigorous and professional process based upon measurable data.

Thank you for considering our position in opposition to Senate Bill 13 regarding the rate approval process for long-term care insurance policies. Please contact John Larkin at (860) 508-9924 or Kate Kiernan at 202-624-2463 with questions.

ACLI is a trade association with more than 300 legal reserve life insurer and fraternal benefit society member companies operating in the United States. ACLI members represent more than 90 percent of the assets and premiums of the life insurance and annuity industry. There are 233 ACLI member companies licensed to do business in Connecticut, accounting for 90 percent of the ordinary life insurance in force in the state.